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EDIC/M-2
Control No.
3 December 1954

ECONOMIC DEFENSE INTELLIGENCE COMMITTEE

Minutes of 2nd Meeting

10:00 - 12:00, 1 December 1954

PRESENT

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[REDACTED], CIA, Acting Chairman
[REDACTED], CIA, Executive Secretary
[REDACTED] CIA
Lt. Col. Brown, OSD
Mr. Whitt, APOIN
Mr. Wood, G-2
Miss Worthing, OIR/State
Mrs. Young, EDS/State
Miss Baldwin, FOA
Mr. Reiss, Commerce
Mr. Beresford, FOA/MDAC
Mr. Knoll, FOA/MDAC

1. REPORT ON EDO CONFERENCE

Discussion - Mr. Knoll reported on the Economic Defense Officers Conference held in Paris during the period 15 - 19 November 1954. He indicated that detailed accounts of these proceedings would be forthcoming in the EDAC document series, but reported in general terms the principal accomplishments of the Conference. Special attention was devoted to enforcement and strengthening of existing controls, to the problem of differential China controls, and to Soviet trade trends and tactics. Of special interest to EDIC, Mr. Knoll and Miss Worthing explained that the individual EDO's are heavily pressed by a variety of assignments and can devote relatively little time to

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economic defense work. Because of heavy work-load and inadequate briefing on the needs and objectives of the economic defense program they are unable to put forward effective arguments to the governments to which accredited.

In response to the Acting Chairman's question as to how enforcement can be made more effective, Mr. Knoll declared that delay in adoption of the TAC system would appear to be the principal hindrance to effective enforcement of existing controls. He added that it is doubtful if COCOM is the forum in which enforcement measures should be developed. Mr. Knoll reported further that there was little EDO appreciation of either the content or implications of the [REDACTED] paper on East-West trade.

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Although it was the consensus of the Conference that East-West trade in nonstrategic items should be stimulated, Mr. Beresford pointed out that one EDO (stationed in a bloc country) had expressed opposition to such Western shipments to the Soviet bloc. This EDO argued that the arrival of, for example, shoes from the U.S. would tend to undermine the resistance hopes of sections of the labor force (shoe factory workers) who are engaged in slow-down campaigns for the purpose of upsetting scheduled production of consumer goods.

Action - The Acting Chairman suggested ^{that WPA} ~~the~~ tabling in EDIC of substantive intelligence problems raised at the Conference, declaring that the principal role of EDIC is to serve as a forum for

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exchange of view and coordination of intelligence effort. Through the EDIC mechanism member agencies can be kept aware of developments in the economic defense field and can assist in finding solutions to pending intelligence problems.

25X1A9a He informed the members of the ad hoc committee review of the [REDACTED] paper and instructed the Executive Secretary to furnish copies of the ORR-OIR evaluation of this report to Lt. Col. Brown for review by the military agencies. The Acting Chairman concurred in 25X1A9a Mr. Whitt's suggestion that EDIC consideration of the [REDACTED] report evaluation is now timely.

2. PROGRESS REPORT ON EDIC CASE NO. 1 - PRODUCTION AND USES OF INDIUM

25X1A9a Discussion - The Acting Chairman reviewed the FOA/NDAC request of 29 October for information on Soviet bloc and western European production and uses of Indium. [REDACTED] reported that intelligence research by CIA, OIR, and AFOIN had disclosed no critical situation existing in bloc supply of this commodity. She stated that the bloc, from indigenous production, can meet its relatively small requirements, and that there are substitutes for the item.

25X1A9a Action - [REDACTED] was requested to assume responsibility for preparation of a joint CIA-OIR-AFOIN paper to constitute an agreed statement of the indium situation. An advance copy is to be furnished NDAC with distribution in the EDIC/ED series to be made subsequently.

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3. REPORT OF ACTION AGENCIES ON RECEIPT OF ECONOMIC DEFENSE
INFORMATION FROM MILITARY INTELLIGENCE AGENCIES

Discussion - This subject had been discussed in detail at the 4 November meeting at which time it had been agreed that representatives of FOA/MDAC, Commerce and EDC/State would check the adequacy of their respective agency requirements for information from the military services, working directly with G-2, ONI and APOIN. It had been also concluded at that meeting "that distribution of intelligence from CIA and State to action agencies was already being handled adequately." (Note: the Commerce member declined to concur in this statement from the Minutes of the last meeting, declaring that Commerce had consistently stressed its needs for more adequate intelligence support).

Lt. Col. Brown reported that his investigation on this subject had turned up several intelligence items which had not received action agency distribution. He indicated further that OSD has been given discretionary power by G-2 in the distribution to action agencies of special categories of G-2 intelligence.

Following an extended discussion and a reiteration by the Acting Chairman that CIA had no responsibility to forward to action agencies information received from the military services, it was concluded that some system of screening out relevant pieces of military intelligence for use by action agencies should be considered. The Acting Chairman emphasized the serious nature of this problem, pointing out EDIC's responsibility for finding ways and means to insure adequate intelligence support in this field to action and policy agencies.

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Action - This subject is to be re-considered at the next EDIC meeting at which time members are to report the results of further inquiry thereon within their respective agencies.

4. COMMERCE REQUEST FOR INFORMATION ON SOVIET PRODUCTION OF JEEPS

Discussion - Intelligence Request No. 2, Soviet Production of Jeeps, was distributed for consideration. This paper outlines a BFC request of 24 November for an EDIC intelligence study to produce evidence of Soviet exports of jeeps and estimates of Soviet production. Intelligence developed is to be used in re-evaluating the strategic rating of jeeps, presently covered by Security List items 1450 and 2450. Commerce indicates that this re-evaluation is required in order to answer inquiries from the Willys-Overland Company which has encountered some Russian competition in sale of jeeps.

Action - The Acting Chairman assigned responsibility for production of this intelligence study to ORR/CIA, with assistance from G-2 and AFOIN.

5. DOWNGRADING OF COCOM DOCUMENTS

Discussion - Mr. Beresford outlined the problem which has been laid on EDIC in [REDACTED] of 11 November 1954. This telegram indicates early COCOM discussion of the question of downgrading most COCOM documents from SECRET to CONFIDENTIAL (or lower), and suggests
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IMC (now EDIC) examination. This [REDACTED] request was made in the context of EDAC ED/EC M-134 which considered the classification of EXCON communications. He cited as additional references: ED/EC M-60; ED/EC D-43;

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ED/EC D-43/1; COCOM Document No. 1754; HICOG Bonn, FSD 725 of 24 October 1954; and an unnumbered TOPOL of 25 November.

Mr. Beresford reported on action already taken by the several agencies in this matter, indicating that [REDACTED] of CIA (Chairman of EDIC) had reviewed the documents in question and found none which could be downgraded. Problems of specific interest to EDIC are: incorporation in COCOM documents of intelligence (including cryptographical material) and technical data which cannot be downgraded without jeopardizing sources; downgrading from SECRET to CONFIDENTIAL of the Battle Act and other security control lists; bilateral secrecy agreements and NATO considerations.

Mr. Beresford tabled for EDIC consideration a draft TOPOL in answer to [REDACTED]. This draft outline suggests action by the USDEL in supporting the downgrading proposal which, it is claimed, will result in greater speed of transmission and ease of storage and handling in overseas missions. This project will involve the examination of some COCOM 1800 documents to determine whether they incorporate any intelligence and/or technical data which cannot be downgraded from SECRET classification.

Action - The Acting Chairman pointed out that EDIC has no authority to clear cables but requested members to assist Mr. Beresford by reporting to him by 1000 hours, 2 December, the reaction of their respective agencies to the draft TOPOL.

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[REDACTED]
Executive Secretary